

RCFE Resource

BUY, SELL & LEASE WITH CONFIDENCE

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Call us **TODAY** for a **FREE** valuation of your care home and business.
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THE NEW LANDSCAPE OF RCFEs & ARFs IN Q1 2026

The first quarter of 2026 has delivered a message that every operator, investor, and prospective buyer should pay attention to: **California's care-home sector is entering a new phase of momentum.** After the turbulence of 2025—marked by rising interest rates, insurance volatility, and a cautious investment climate—Q1 licensing activity shows that confidence is returning to the market.

Across the state, we are seeing **a renewed willingness to expand**, particularly among small to mid-size operators who paused growth plans last year. Some counties are experiencing a noticeable uptick in newly licensed RCFEs, while others are seeing steady growth in ARFs driven by behavioral health funding. This divergence is not random; it reflects deeper economic forces shaping the industry.

"When the market stops moving against you, it starts moving for you."

Interest rates remain elevated, but they have stabilized. Inflation has cooled from its 2025 highs, and California's job market—especially in healthcare and senior services—has strengthened. These factors have created a climate where operators can once again plan, invest, and expand with clarity.

The real estate market, too, is showing signs of balance. While some counties continue to experience price softness, others have stabilized, creating a rare window where RCFE and ARF buyers can still acquire properties before the next appreciation cycle. Inventory remains tight, but the operators who move decisively in 2026 will secure the best opportunities.

As we look ahead, the data suggests that **2026 will be a year of strategic positioning.** Licensing activity is rising, demand for care homes continues to grow, and the demographic wave that has been forecasted for years is no longer theoretical—it is here.



Ask The Broker

IS NOW A GOOD TIME TO PURCHASE AN RCFE OR ARF?

Q: Is now a good time to purchase an RCFE or ARF?

A: The short answer: **Yes—if you understand the market.**

The long answer: It depends on whether you're thinking like a consumer or an investor. Consumers focus on interest rates. Investors focus on **cash flow, replacement cost, licensing timelines, and future demand.**

Right now, the fundamentals are in your favor. Demand for senior care and behavioral health services continues to rise. Inventory of RCFE suitable homes remains limited. Licensing timelines are long, which means newly licensed homes entering the market today began the process in 2025. Replacement cost remains significantly higher than acquisition cost. And stabilized homes are outperforming most real estate asset classes.

If you buy now, you're not just buying a property—you're buying **time, cash flow, and market position.**

“THE BEST TIME TO BUY WAS YESTERDAY. THE SECOND BEST TIME IS BEFORE YOUR COMPETITOR DOES.”

Feel free to reach out with further questions! RCFE Resource is here to guide you every step of the way. We can help you find suitable properties and can refer you to the necessary consultants and agencies who will facilitate your dream of owning an RCFE, ARF or ASSISTED LIVING FACILITY.

RCFE Licensing Wait Times: 9-12 Months – Why This Matters for Investors

A MARKET EVOLVING WITH PURPOSE

The RCFE market has undergone a dramatic transformation since 2020. The early pandemic years brought uncertainty and slowed licensing activity. But by 2022, private pay demand surged as families sought smaller, more personalized care environments. The years that followed—2023 and 2024—saw strong growth in 6-bed models, driven by revenue efficiency and staffing optimization.

Then came 2025. Rising interest rates and insurance volatility created hesitation. Many operators paused expansion. But those who stayed the course are now positioned to benefit from the renewed

momentum of 2026.

This year, we are seeing a clear trend: **RCFE licensing is rising in counties with stable real estate pricing and strong aging demographics.** Operators are focusing on homes that offer flexibility—properties that can support private rooms, ADA friendly layouts, and efficient staffing patterns.

The wait time for RCFE licensing remains long—typically 9 to 12 months. This delay creates a natural barrier to entry and protects operators who are already licensed or in the process.



HOW OFTEN MUST CARE PLANS BE REVIEWED AND REAPPRAISED?

Based on Title 22 regulations, care plans (called “appraisals” or “reappraisals” in California RCFE law) must be reviewed and reappraised once every 12 months, or when there is a significant change in the resident’s condition – whichever occurs first. “When there is significant change in condition... or once every 12 months, whichever occurs first, the licensee shall arrange an in-person or virtual meeting or conference call to share the reappraisal with the resident, the resident’s representative, if applicable, and appropriate facility staff.” A “significant change in condition” is defined in CCR §87101(4) as “a deterioration or improvement in a resident’s physical, cognitive, behavioral, or functional condition that is significant enough to require an alteration of the services provided to the resident.” When this occurs, you must reappraise immediately, regardless of the 12-month timeline. The reappraisal must include meeting with the resident, their representative (if applicable), and appropriate staff. You must also request that all residents receive an annual routine visit with a licensed medical professional at least once every 12 months.



***“WHERE THE
STATE INVESTS,
OPPORTUNITY
FOLLOWS.”***

ARFS: MOMENTUM DRIVEN BY BEHAVIORAL HEALTH FUNDING

While RCFEs are driven by private pay demand, ARFs operate under a different economic engine—one powered by state funding, behavioral health initiatives, and county level budgets. This creates a unique dynamic: ARF licensing is less sensitive to real estate pricing and more sensitive to staffing, compliance, and reimbursement structures.

In 2026, ARF licensing activity is rising in counties with strong behavioral health funding. Operators are responding to increased demand for mental health and supportive living environments. The 4- to 6-bed ARF model continues to dominate due to its operational efficiency and alignment with county contracts.

The ARF market is expected to remain strong throughout 2026, with licensing activity closely tied to state and county funding cycles.

THE ECONOMIC REALITY OPERATORS MUST NAVIGATE

To understand where the RCFE and ARF markets are heading, operators must understand the broader economic landscape.

Interest rates remain high, but they have stabilized. Predictability is powerful—it allows operators to plan. Inflation has cooled, but costs remain elevated in key categories: food, labor, insurance, and utilities. The labor market has improved, with caregiver availability stabilizing in Q1 2026.

Real estate remains tight across California. Inventory is limited, and competition for RCFE and ARF suitable homes remains strong. But this tightness also creates opportunity: operators who acquire now will be positioned ahead of the next appreciation cycle.

The strategic operators of 2026 are focusing on three moves:

1. Acquire before rates drop.

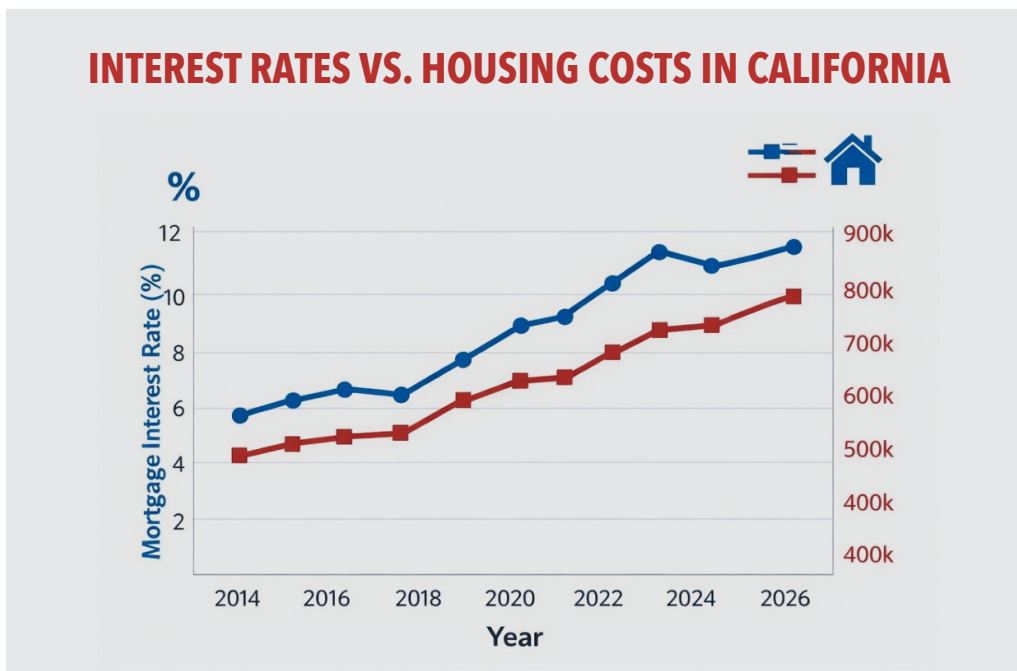
When rates fall, prices rise. The window is now.

2. Convert to 6 beds where possible.

Every additional bed is exponential—not linear—profit.

3. Position for 2027-2030 demand.

The demographic wave is no longer coming—it has arrived.





THE FUTURE OF CALIFORNIA CARE HOMES

As we look toward the remainder of 2026 and beyond, the message is clear: California's care home sector is entering a new era of opportunity. Licensing activity is rising. Demand for senior care and behavioral health services continues to grow. Costs are stabilizing. Operators are returning to the market. And capital is beginning to flow back into the sector.

The winners of this next cycle will be the operators who act decisively, understand the economics, and build scalable models. They will be the ones who acquire strategically, optimize their homes, and prepare for the demographic surge that will define the next decade.

EXPLORING YOUR OPTIONS?

With monthly insights on pricing trends, buyer activity, and regulatory shifts, we help RCFE and ARF owners make informed profitable decisions. Obtain your FREE data driven valuation TODAY.

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